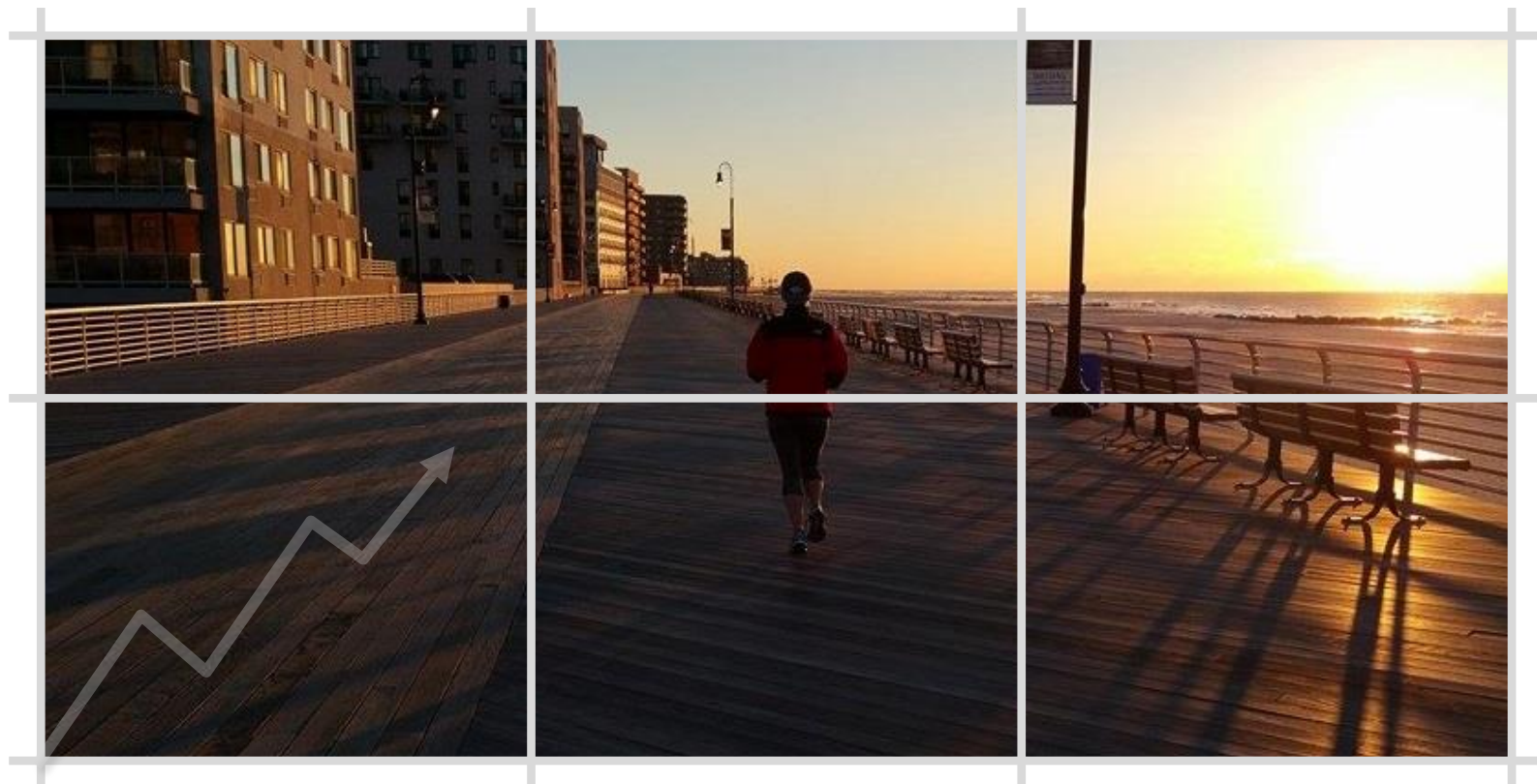


# Proposed Annual Budget • Fiscal Year 2015-16

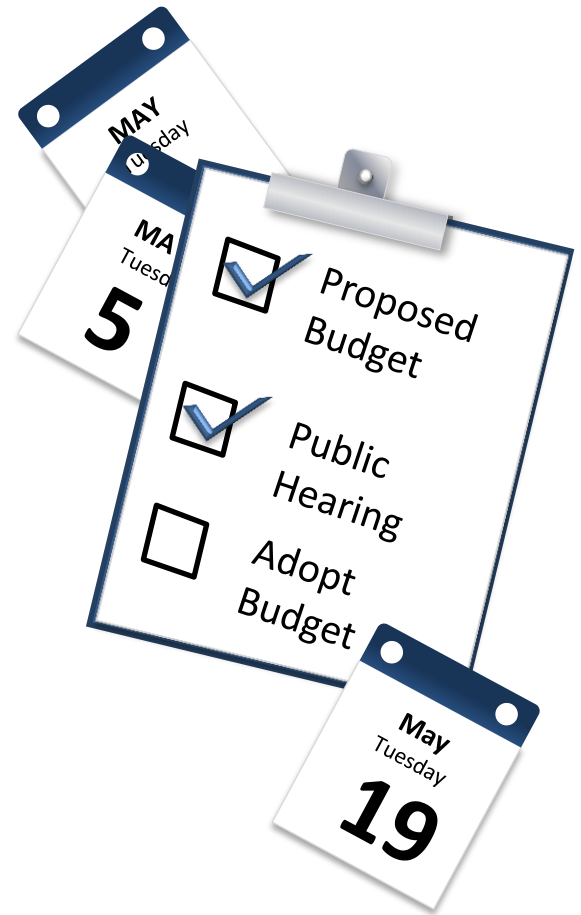
## *"On the Right Track"*



# Agenda

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- 1 Budget Process Overview  
City Overview - “On the Right Track”
- 2 Priorities Fiscal Year 2015-16
- 3 Highlights of the Proposed Budget
- 4 Operating Budget in Detail





# Budget Process

*City Overview – Reviewing the past 3 ½ years*

# Improved Budget Document - *More than Just Numbers...*

## Comprehensive Budget Document

- ✓ Conveys City's accomplishments
- ✓ Provides Strategic Goals & Priorities
- ✓ Framework for managing City's financial resources



## Budget Narrative

- ✓ This administration insituted budget narratives.
- ✓ Enhanced narrative for improved context



## Easier to Read Format

- ✓ Comprehensive Table of Contents
- ✓ Section Dividers
- ✓ Use of Charts and Graphs

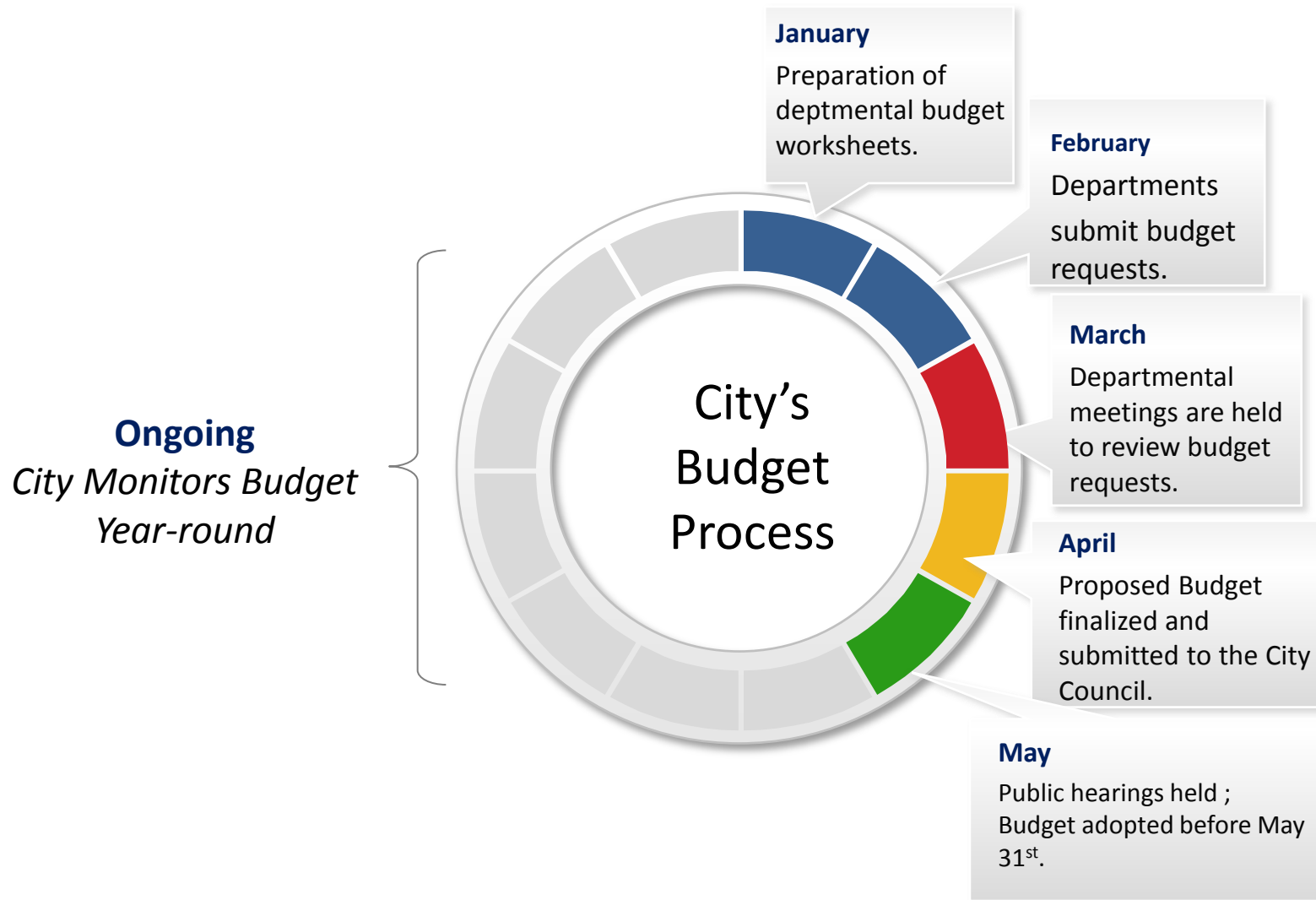


## Expanded Departmental Summaries

- ✓ Includes Departments Missions and Goals
- ✓ Performance Management Indicators

**Comprehensive,  
informative,  
easy-to-read  
budget document.**

The City's annual budgeting process is an opportunity to convey the City's accomplishments, strategic goals, and framework for managing the City's financial resources.





## ★ Current Administration Takes Office

### December 2011

- Moody's downgraded the City's bond rating an unprecedented five levels.
- Previous administration borrows to make payroll.

### January 2012

- Inherits a \$14.7M deficit created from years and years of financial mismanagement.
- ✓ Reform policies implemented.
- ✓ FY 2012-13 Budget – Established the “Blueprint” - various reforms including, right-sizing the workforce, implementing policies & procedures.

### October 2012

- Superstorm Sandy landfall devastates Long Beach leaving widespread damage.



### ✓ Continued from 2012...

#### Enhanced Gov't Controls

- ✓ Right-Sized Workforce-  
\$650K in annual savings;
- ✓ Labor Concessions;
- ✓ OT Policy Implemented;
- ✓ Discretionary Spending Cut.
- ✓ Management contributes 10% to  
healthcare premiums.

### ✓ Rebuilding Underway

- ✓ In-house infrastructure repairs
- ✓ Flood Barrier Protection;  
Dune Planting;
- ✓ Grand re-opening of  
Boardwalk
- ✓ Summer Campaign – “LB  
Open for Business.”

### ✓ Fiscal Crisis Lifted

- ✓ Long Term Fiscal Recovery  
Plan Implemented;
- ✓ Moody's changes Outlook  
from Negative to **Stable.**



### ✓ Rebuilding Finances

- ✓ Deficit Financing Approved;
- ✓ Tax Surcharge Retired One Year Early;
- ✓ “Back in the **Black.**”

### ✓ DPW Rebuilding Efforts Con’t

- ✓ In-house Infrastructure repairs  
*Nearly 200 projects completed*
- ✓ Rehab City Wastewater Plant ;
- ✓ Community Reconstruction Plan;
- ✓ Flood Barrier Project Initiated.

### ✓ Economic Development

- ✓ Residential Rebuilding Program
- ✓ Supporting Local Businesses
- ✓ Resiliency Planning





### Restored Credibility

- ✓ Moodys upgraded City of Long Beach Bond Rating to Baa2 from Baa3.
- ✓ Continued Positive Outlook.
- ✓ Improved Fiscal Stress Scores.



### Re-established Fund Blance

- ✓ Transformed a \$14.7M inherited deficit into a \$7M fund balance.



### Managing Fiscal and Physical Recoveries:

- ✓ Generated **\$4.9M** from in-house infrastructure work; offsetting operating costs.

## Prime Indicators – *Long Beach is on the “Right Track”*



### RESTORED CITY'S FUND BALANCE

*Increased from -\$14.7M at 6/30/12 to \$7M at 6/30/14*



### MOODY'S UPGRADED THE CITY'S BOND RATING

*Continued Positive Outlook*



### NYS COMPTROLLER FISCAL STRESS TEST IMPROVEMENT

*Improved from Significant Fiscal Stress in 2013 to Moderate Fiscal Stress in 2014*



### RETURNED TO FISCAL RESPONSIBILITY – REALISTIC BUDGETING

*Improved Audit Comments by 68% from 2013 to 2014.*



### REMAINS WITHIN GOVERNORS CUOMO'S TAX CAP FOR THE 3<sup>RD</sup> CONSECUTIVE YEAR.



### LONG BEACH UNEMPLOYMENT RATE DECREASED

*Unemployment Rate Improves from 7.1% in 2013 to 4.7% in 2014.*



## FY 2015-16 Priorities

## Priorities for FY 2015-16

*The 2015-16 Budget reflects the following priorities*



**MANAGING OUR FISCAL AND PHYSICAL RECOVERY** – Implementing our Long Term Fiscal Recovery Plan and rebuilding our infrastructure.



**PUBLIC SAFETY** – Serve and protect the residents, businesses and visitors of Long Beach.



**ENHANCING QUALITY OF LIFE** – Providing a healthy atmosphere to live and raise our families; Offering a wide variety of quality and affordable recreation programs.



**ECONOMIC DEVELOPMENT** – Growing the tax base to alleviate burden on Long Beach tax payers.



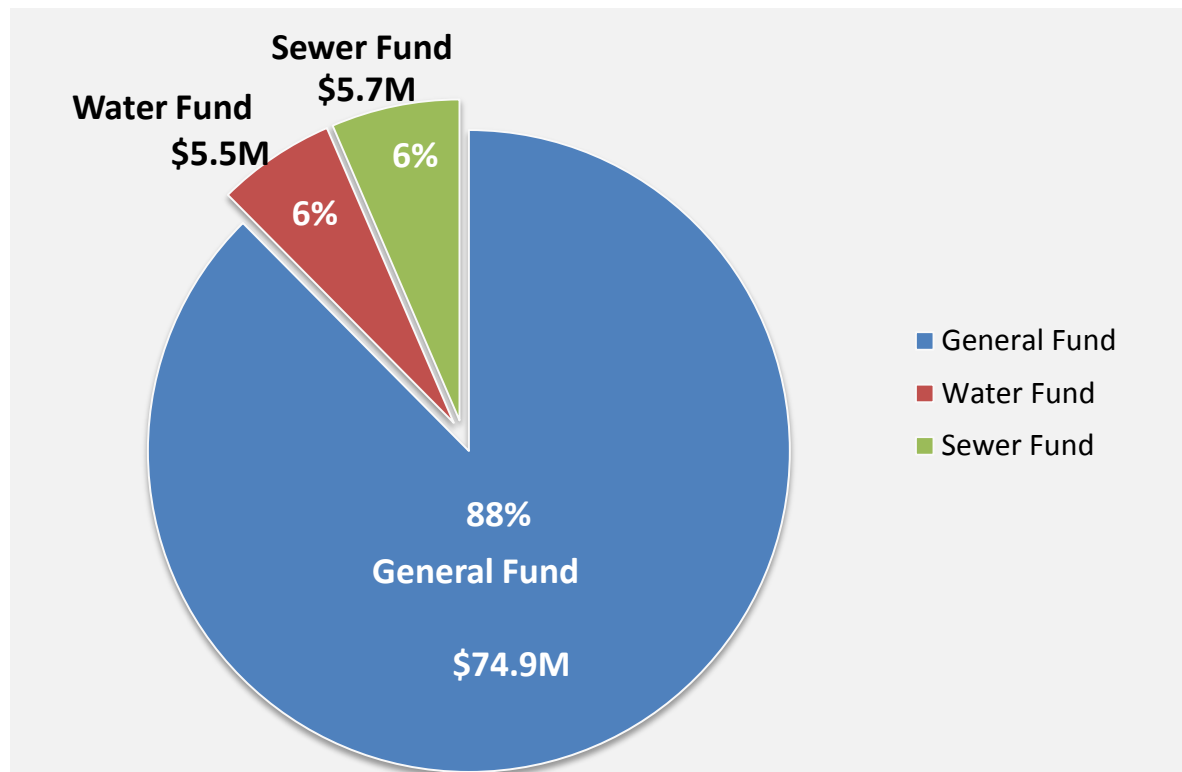
**SMART GOVERNMENT** – Governing responsibly and protecting public resources; Innovative and Technological advances to improve services.

The slide features decorative elements including a blue header bar with the number '3', a large dotted line forming a loop in the upper right, and two horizontal orange lines with dots at their ends, one on the left and one on the right, intersecting the title.

# Budget Highlights

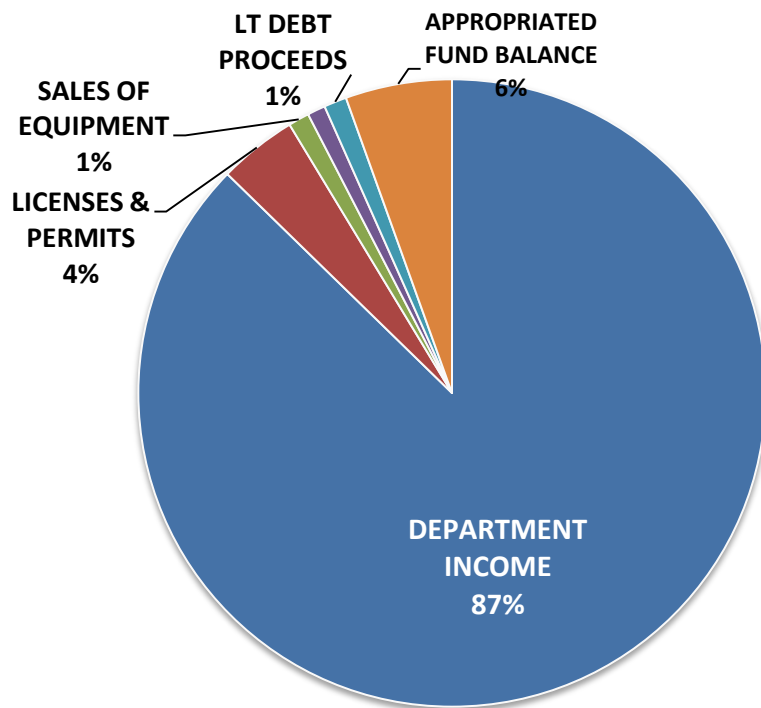
## Proposed Operating Budget Overview

*The proposed operating budget for fiscal year 2015-16 totals **\$86,277,466**.*

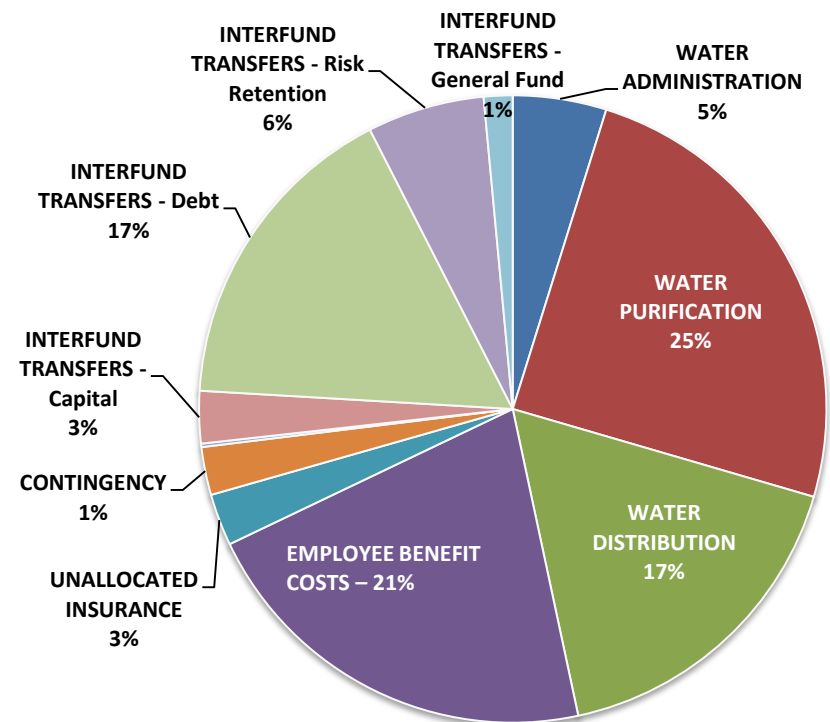


# Proposed Budget Overview - Water

Proposed Water Fund Revenues



Proposed Water Fund Expenses

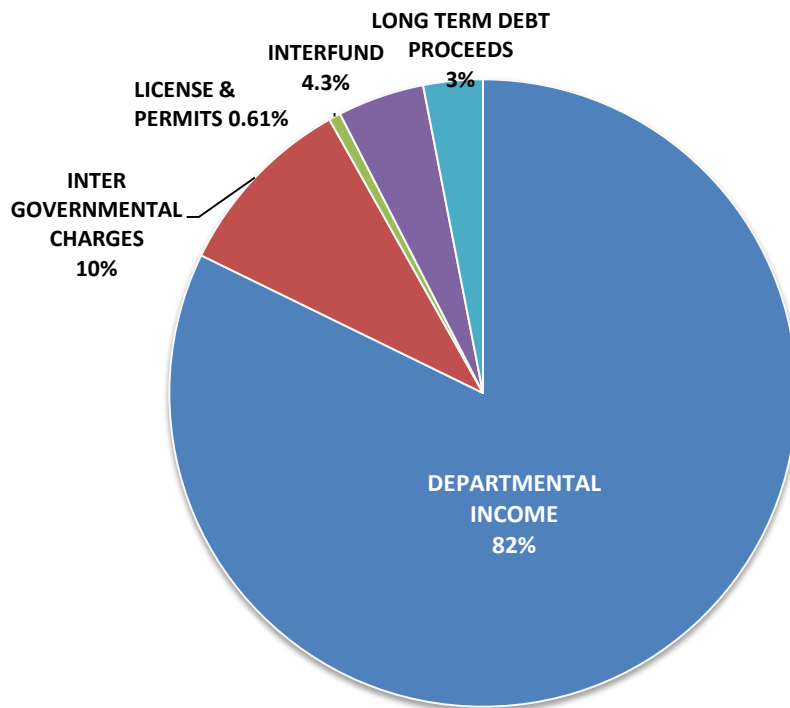


Total Proposed Water Budget- \$5,566,125

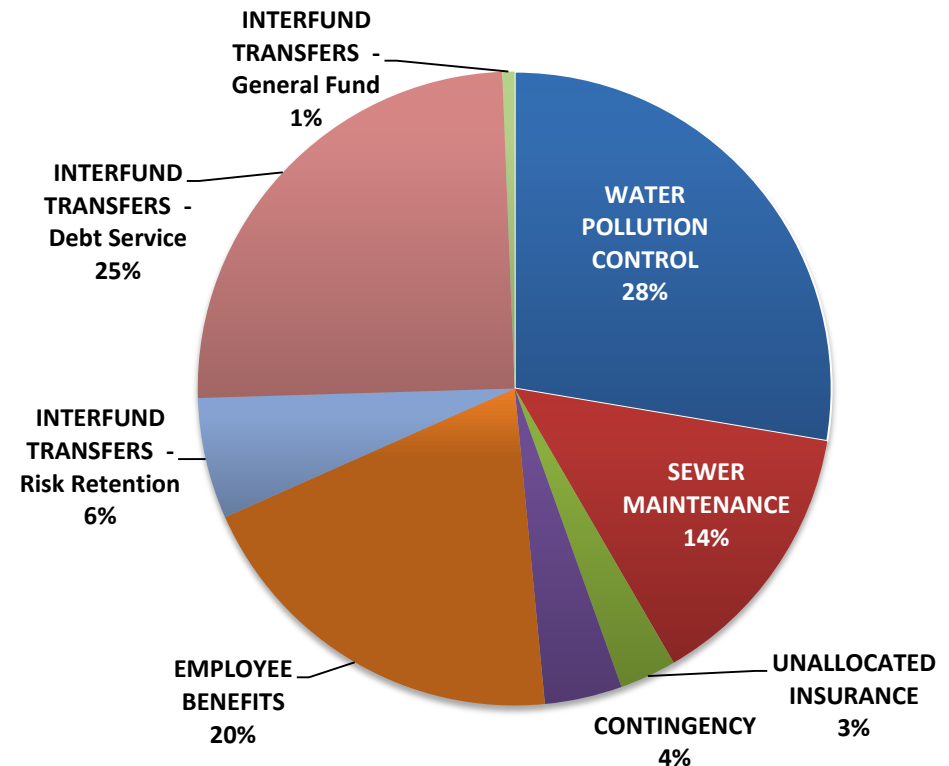
*Budget includes a 2% fee increase*

# Proposed Budget Overview - Sewer

Proposed Sewer Fund Revenues



Proposed Sewer Fund Expenses



**Total Proposed Sewer Budget- \$5,714,169**

***Budget includes a 2% fee increase***



# Challenges Faced... *Actions Taken*

## Challenges Faced

*Like many local governments throughout the region, the City is faced with funding various inevitable increasing fixed costs:*



**Health Care and Pension Costs**

**Increasing \$1.3M**



**Contractual Labor Costs**

**Increasing \$545,000**



**Insurance Costs**

**Estimated increasing over \$1M.**

## ACTIONS TAKEN

*The City's administration continues to take the following actions to address these issues:*

- ✓ Identifying additional Revenue Streams
- ✓ Reining in discretionary spending
- ✓ Merging our Fiscal & Physical Recovery
- ✓ Maintaining the "Right-Sized" Workforce - Personnel costs have decreased to 56% from an unsustainable 83% of the overall budget.

# Highlights of the Proposed Budget

---

## Net- Zero Tax Increase

- ✓ The tax levy remains within Governor Cuomo's Tax Cap for the 3<sup>rd</sup> year.
  - ✓ Qualifying homeowners will receive a 100% reimbursement for proposed increase.
- 

## Restoring Fund Balance

- ✓ City has rebuilt unassigned fund balance from - \$14.7M at 6/30/12 to \$7M at 6/30/14.
  - ✓ Appropriation to cover deficit financing payments generates a \$55 per household savings.
  - ✓ Pay as you go (PAYGO): \$150k Water fund appropriation for Capital projects, reducing our debt burden.
- 

## Managing the Fiscal and Physical Recovery

- ✓ Utilization of the City's existing workforce for storm related projects has generated \$4.9M to offset cost of operations (Includes straight time, overtime, equipment costs, etc.)

# Highlights of the Proposed Budget

---

## Restored Credibility in the Markets

- ✓ Moody's upgraded the City's bond rating to Baa2 from Baa3.
  - ✓ Continued Positive Outlook.
  - ✓ Improved Fiscal Stress Score.
- 

## Maintains the Right-Sized Workforce

- ✓ The City has reduced its workforce by 11%, to the lowest levels in decades.
  - ✓ Personnel costs as a percentage of the overall budget have decreased to 56% from an unsustainable 83%.
- 

## Implementing Long Term Fiscal Recovery Plan

- ✓ Long Term Fiscal Recovery Plan provides the strategic foundation to addressing the City's fiscal challenges.
- ✓ The City continues to successfully implement the core tenets of the plan.
- ✓ Great progress but still a great deal of work ahead.



# Net-Zero Percent Tax Increase

*This administration's fourth consecutive balanced budget, and the third consecutive budget that lives within Governor Cuomo's tax cap. This is also the second consecutive budget that provides relief to our taxpayers as we all recover from Superstorm Sandy.*

## Remains within Governors Cuomos Tax Cap

- 1 The fiscal year 2015-16 proposed budget remains within Governor Cuomo's Tax Cap for the 3<sup>rd</sup> consecutive year.

## Tax Levy

- 2 The 2015-16 proposed budget includes a tax levy of \$33,655,110, an increase of 3.18% from \$32,617,942 in fiscal year 2014-15.

## City Complied with NYS Tax Cap = Property Tax Credit for eligible homeowners

- 3 *As a result of the City's compliance with the NYS State Cap, qualifying homeowners will receive a **100% reimbursement** for this years proposed tax increase, resulting in a net-zero tax increase, providing relief to Long Beach Tax Payers.*

## A Closer Look – Residential Tax Burden

*For every tax dollar collected...*



**School &  
County Taxes**



65% of total taxes

**City Taxes**



35% of total taxes

## Restoring Fund Balance

			YR 1	YR 2	YR 3
Fund	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
General	\$4,891,338	\$225,865	-\$12,182,070	-\$5,165,364	\$5,009,900
Water	-\$55,080	-\$528,452	-\$642,498	-\$231,322	\$1,870,469
Sewer	-\$452,284	-\$1,032,082	-\$1,971,988	-\$2,055,985	\$209,034
Total	\$4,383,974	-\$1,334,669	-\$14,796,556	-\$7,452,671	\$7,089,403

★ Rebuilt and increased unassigned fund balance across all funds from a **-\$14.7M deficit at 6/30/2012 to \$7M unassigned fund balance at 6/30/2014.**

**\$21M turnaround** ↑

## Restoring Fund Balance

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### Fund Balance Appropriations

This proposed budget includes fund balance appropriations of \$635,000 from the general fund and \$155,555 from the water fund which will cover the Fiscal Year 2015-16 annual debt service associated with the deficit financing.

***This appropriation has allowed the City to lower the proposed tax levy and generate a \$55 per household savings.***

### Pay as you go (PAYGO):

Water Fund is appropriating \$150,000 in fund balance to assist in funding proposed Capital projects. This appropriation allows the city to use funds that are currently available in fund balance as an alternative to borrowing.

# Superstorm Sandy – Managing our Fiscal and Physical Recovery

## Rebuilding a Stronger, Smarter, Safer Long Beach



It is not yet possible to establish the total economic impact of Superstorm Sandy. Estimates of some of the losses to the City are as follows:

- Cost estimates of debris management - estimated at \$30-\$45 million.
- Labor and logistical costs - estimated at \$3 million
- Infrastructure repair to roads, bulkheads, parks, and beaches - estimated at \$125 to \$150 million

The City expects that nearly all of the costs will be covered by insurance proceeds, FEMA and State funds. **By utilizing the City's existing workforce for storm-related projects, the recovery has generated \$4.9M** that has been, and will be, used to offset the cost of operations.





Thank You to the hard working  
men and women of the CSEA

*In-house infrastructure work covering straight time, overtime and  
equipment costs **has generated \$4.9M.***

# Restored Credibility in the Markets

## CITY'S RECENT RATING HISTORY

**Dec 20, 2011** Moody's DOWNGRADES the City 5 levels to Baa3 from A1; Places rating on review for further downgrade.

**March 22, 2012** Moody's continues to review rating for further downgrade

**Aug 30<sup>1</sup> & Dec 3, 2013<sup>2</sup>** Moody's changes Outlook to STABLE; affirms Baa3<sup>1</sup>. Affirms Baa3; Outlook Stable<sup>2</sup>

**Feb 3, 2015** Moody's UPGRADES rating to Baa2; Outlook is POSITIVE

**Jan 1, 2012**  
Current Administration takes Office

**June 12 & Dec 17, 2012**  
Moody's confirms/affirms Baa3 rating; Outlook Negative

**June 9, 2014**  
Moody's changes Outlook to POSITIVE; affirms Baa3

**\*Additional Moody's announcements include:** (i) Oct 1, 2012 COLB Increases Property Taxes, ***a Credit Positive***, (ii) Nov 20, 2012 Hurricane Sandy adds to COLB Financial Strain, (iii) Jun 27, 2013 NY State Legislature approves Deficit Financing, ***Credit Positive***, (iv) Feb 21, 2014 Dunes Protection Project ***Credit Positive for LB***.

## Restored Credibility in the Markets

As a result of this administration's actions to responsibly handle the inherited deficit and progress into fiscal recovery, the City has restored credibility in the markets.

*Moody's upgraded Long Beach NY's General Obligation rating to Baa2 from Baa3. Outlook remains Positive.*

**Moody's cites**, "...improved financial position following the issuance of deficit reduction bonds in fiscal 2014. Additionally, Long Beach was greatly affected by Hurricane Sandy, resulting in significant damage to the city's infrastructure. The rating also factors the city's sizable tax base with above average wealth levels and a **manageable debt burden**."

# Restored Credibility in the Markets

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## OUTLOOK:

---

### WHAT COULD MAKE THE RATING GO UP

- Demonstrated trend of structurally balanced budgets;
- Continued improvement in liquidity and reserves following the issuance of deficit reduction bonds.

### WHAT COULD MAKE THE RATING GO DOWN

- Reduced liquidity and reserves despite the issuance of deficit reduction bonds;
- Failure to adhere to new policies and procedures;
- Failure to implement structural changes to water and sewer funds resulting in further declines.

## NYS Comptroller Fiscal Stress Test

The City's Fiscal Stress Improved from Significant Fiscal Stress in FY 2012 and 2013 to Moderate Fiscal Stress in 2014.

	FY 2011-12 *	FY 2012-13	FY 2013-14
Total Score	91.7%	80.0%	57.5%
Score Classification	Significant Fiscal Stress	Significant Fiscal Stress	Moderate Fiscal Stress

\*FY 2011-12 Internally  
Calculated

*Continued Improvement*

## Success Story – Enhanced Financial Controls

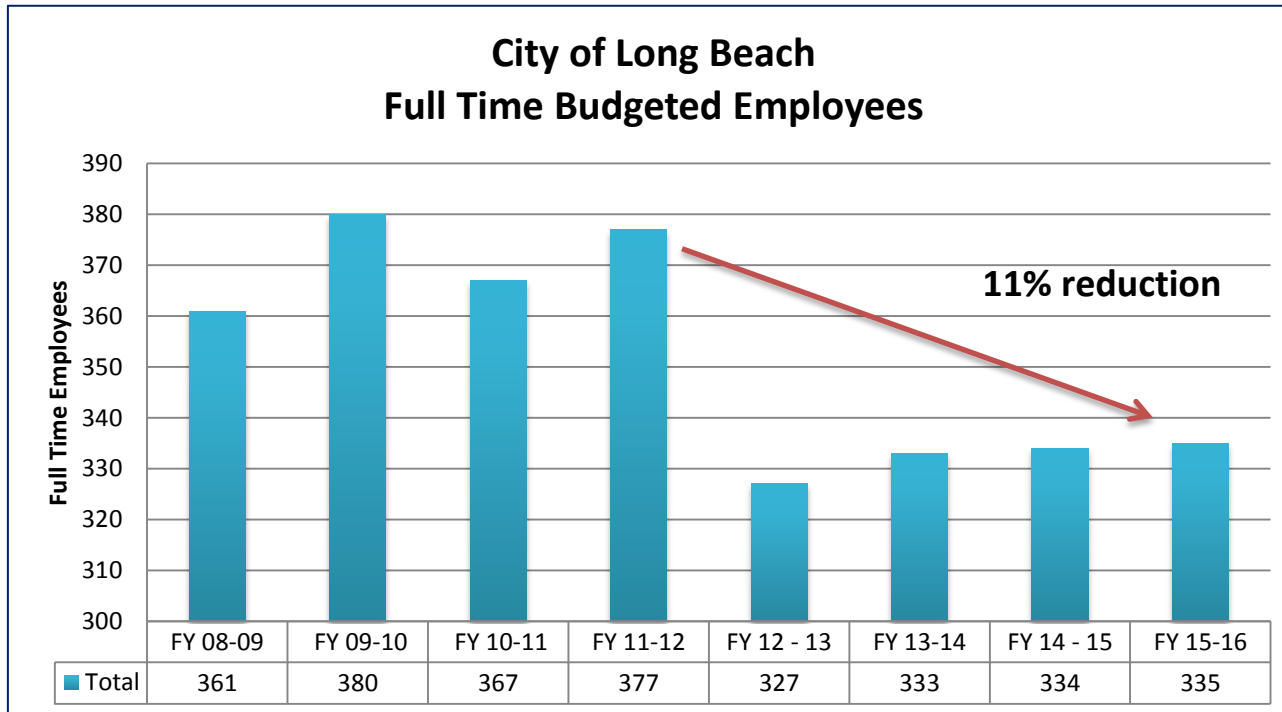
### Financial Statement and Single Audit Findings - Corrective Actions

	FY 2012 - 13	FY 2013 -14	% change
Material Weaknesses	17	3	82% ↓
Significant Deficiencies	8	5	37% ↓
Total Comments	25	8	68% ↓

 ***The City reduced total Audit Comments by 68% this fiscal year.***

## Maintains the Right-Sized Workforce

Over the past three years, the City has reduced its workforce by 11%, to the lowest levels in decades. Personnel costs as a percentage of the overall budget have decreased to 56% from an unsustainable 83%.



\* **Comments:** Fiscal year 2014 -15 and 2015-16 full time budgeted employees do not include grant funded positions.





# Economic Development



*Supporting, assisting, and strengthening our business community while expanding the tax base and creating jobs.*

## ***Supporting Local Businesses:***

- ✓ Marketing Campaign - Over the past two years \$830,000 was raised for the 2013 and 2014 marketing initiative. This year's campaign is supported by NYS Empire State Development and the I LOVE NEW YORK Division of Tourism and an additional \$100,000 of private contributions.

## ***Long Term Planning:***

- ✓ New York Rising: New York Rising has committed \$25 million for improvements to the City's infrastructure through the State's Community Reconstruction Plan.
- ✓ Resiliency Planning: The City has adopted new policies in support of Complete Streets and Climate Smart Communities. The Economic Development Department has also succeeded in obtaining four grants, three from New York State totaling \$267,500 and a United States Environmental Protection Agency Technical Assistance grant through Global Green for resiliency planning.

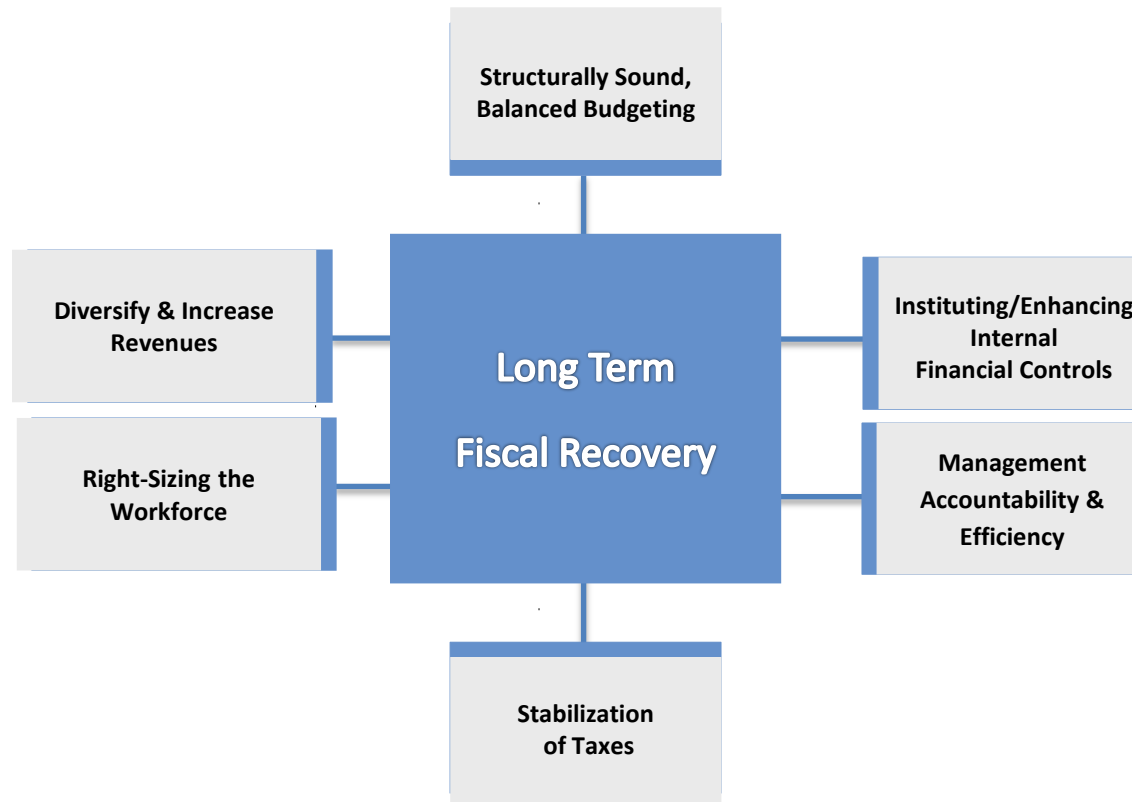


***Grant revenues for the fiscal year 2015-16 proposed budget totals \$2.8M.***



# Implementing Long Term Fiscal Recovery Plan

This Council removed the fiscal crisis designation in September 2013, as this administration completed the necessary corrective actions. Core tenets of the Long Term Fiscal Recovery Plan are:



### Structurally Sound, Balanced Budgeting

- The City's finances are now established on a balanced basis budgets which provides a realistic budgetary path for coming years.
- City will continue to proactively monitor expenditures and make adjustments where necessary.

### Diversifies and Increases Revenues

- Aggressive pursuit of all grant opportunities.
- Local Development Corporation formed in March 2013.
- Annual review of fees and fines.
- Long Term major development projects.

### Right-Sizing the Workforce

- Maintained reduction in headcount of 11%, the lowest levels in over a decade.
- Right people in the right places.
- Management employees will continue paying a 10% share of their healthcare premiums.

### Management Accountability and Efficiency

- Focus on increasing operational efficiency in order to provide the best quality services possible with the resources available.
- Performance Management.
- Streamline City Government.

### Internal Financial Controls

- Promote orderly, economical, efficient and effective operations.
- Adherence to statutes, regulations, bulletins and procedures.
- Develop and maintain reliable financial and management data.

### Stabilization of Taxes

- Net-Zero Percent Proposed Tax Increase.
- The deficit surcharge was retired one year earlier than originally planned.



Proposed

# Operating Budget

in detail

## Proposed General Fund – Revenue Sources

	Proposed FY 2015-16	% of total
REAL PROPERTY TAXES	\$34,180,110	45.61%
DEPARTMENTAL INCOME	\$18,901,620	25.22%
STATE/FEDERAL AID (includes Grant funding)	\$8,033,563	10.72%
NON PROPERTY TAXES	\$5,310,000	7.08%
LICENSES & PERMITS	\$1,476,000	1.97%
LONG TERM DEBT PROCEEDS	\$1,800,000	2.40%
APPROPRIATED FUND BALANCE	\$635,000	0.85%
FINES & SALE OF PROPERTY	\$2,453,500	3.27%
INTERFUND TRANSFERS	\$802,731	1.07%
USE OF MONEY & PROPERTY	\$508,233	0.68%
INTERGOVERNMENTAL CHARGES	\$360,260	0.48%
MISCELLANEOUS	\$486,155	0.65%
<b>Total</b>	<b>\$74,947,172</b>	<b>100%</b>

# How your Tax dollars are spent

24.91%

Employee Benefits-\$18.7M

22.35%

Public Safety - \$16.7M

16.65%

General Gov't  
Support- \$12.5M

8.90%

Recreation  
\$6.7M

7.15%

Other \*  
\$5.6M



\*Other – Interfund Risk Retention: \$2.8M (3.78%); Transportation: \$2M (2.7%); Economic Opportunity & Education: \$640,995 (0.86%) and Interfund: \$200,000 (0.27%).

Thank you

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